

**Responding to the 9/11 Terrorist Attacks:
Lessons from Relief and Recovery in New York City**

A Report Prepared for the Ford Foundation

**By Tom Seessel
The John S. Watson Institute for Public Policy
Thomas Edison State College
Trenton, New Jersey**

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Table of Contents

Preface	1
EXECUTIVE SUMMARY.....	2
Background and Introduction.....	7
Summary of Federal Aid	9
Family Assistance Center (New York City).....	12
Cash Benefits for Families of Immediate Victims.....	14
<i>Philanthropic Victim Compensation</i>	<i>15</i>
<i>Problems and Policy Issues.....</i>	<i>17</i>
Aid for Small Businesses	18
<i>Business Recovery Grants</i>	<i>19</i>
<i>Small Firm Attraction and Retention Grants.....</i>	<i>20</i>
<i>Business Recovery Loan Program</i>	<i>20</i>
<i>Assistance by State and City before Approval of Federal CDBG Funds</i>	<i>21</i>
<i>Problems and Policy Issues.....</i>	<i>21</i>
<i>Small Business Administration Loans</i>	<i>22</i>
<i>Non-governmental CDFI Programs</i>	<i>24</i>
FEMA Individual Assistance Programs.....	25
<i>Mortgage and Rental Assistance</i>	<i>25</i>
<i>Individual and Family Grants</i>	<i>29</i>
<i>Disaster Unemployment Assistance.....</i>	<i>31</i>
<i>Crisis Counseling</i>	<i>32</i>
<i>Recommendations for FEMA.....</i>	<i>33</i>
Disaster Relief Medicaid.....	34
<i>Results</i>	<i>35</i>
Air Pollution.....	36
Health Monitoring	37
<i>World Trade Center Registry</i>	<i>38</i>
Employment Services	39
CONCLUSIONS AND RECOMMENDATIONS	40
Alphabetical List of Persons Interviewed	44
Agencies and Acronyms.....	46

Preface

This report supplements a Ford Foundation report released in August 2002 on the philanthropic response in relief and recovery for New York City following the terrorist attacks of September 11, 2001. Prepared under the auspices of Thomas Edison State College in New Jersey, that report found that Americans and people throughout the world gave in record numbers and amounts and that, “Despite lack of a reliable roadmap, philanthropic organizations, including donors and service providers, responded with unaccustomed speed and agility to the urgent humanitarian needs in both the immediate vicinity of the attack and in the wider New York region.” These responses were launched before it was known what assistance would be available from the Federal Emergency Management Agency, the lead federal disaster organization.

Foundations, corporations and relief funds financed a range of activities addressing direct and indirect consequences of the calamity. Many of these organizations defined “victims” broadly, to include those who suffered economic and social dislocation as well as the families of those who died or were severely injured. The General Accounting Office, in a report on charitable activities published at about the same time as the Ford Foundation report, concluded that “charitable aid made a major contribution in the nation’s response to the September 11 attacks, despite very difficult circumstances.” The GAO also found that “relatively few cases” of fraud had been uncovered.

The Ford and GAO reports also drew several lessons from the response, and recommended ways to improve preparations for future terrorist attacks. Chief among these were calls for more effective philanthropic collaboration through measures such as a uniform intake process and for improved communications to the public about philanthropic support for relief and recovery.

In meetings with philanthropic groups in New York and other cities to debrief the reports’ findings and their implications for future responses it became clear that attempts to improve planning for post-disaster responses needed to include both philanthropy and government programs. Philanthropy does not operate in a vacuum, but rather seeks to relieve the burdens of government, fill gaps, or test and evaluate new approaches to meeting human needs.

This report, also commissioned by the Ford Foundation and conducted under the auspices of Thomas Edison State College, attempts to place philanthropic programs in this larger context through a closer look at the scope, coverage and difficulties of government programs in 9/11 relief and recovery in New York City.

EXECUTIVE SUMMARY

In the weeks and months following the terrorist attacks on September 11, 2001, both the federal government and philanthropic entities provided more financial assistance than has been provided in any previous disaster. In fact, some government aid programs distributed more money in response to 9/11 than they had given in all previous disasters combined. Moreover, government agencies and philanthropic organizations frequently demonstrated unaccustomed flexibility and speed in assisting individuals, families, small businesses and nonprofit organizations.

This report, the second of two reports commissioned by the Ford Foundation and conducted under the auspices of Thomas Edison State College, seeks to increase public understanding of lessons learned in the overall government-philanthropic relief effort, highlight unresolved public policy issues arising from the 9/11 experience, and suggest an approach to enhancing our preparedness for future similar events.

The Report's Findings

Coordination among agencies

The improvised responses that helped thousands of people also exposed significant flaws in our public-private approach to disaster relief. Public and voluntary agencies moved quickly to establish one-stop disaster assistance centers with personnel from key agencies. However, they were slow to develop common intake forms and procedures as well as coordinated case management, which could have saved time and maximized assistance for grief-stricken and traumatized individuals. The experience of the 9/11 United Services Group offers useful lessons in coordinating the efforts of different agencies and developing a unified case management system for victims.

Victim compensation funds

By far the largest category of both government and philanthropic aid for individuals and families has been the unprecedented programs for victim compensation. These provide payments, without regard to financial need, to the families of the approximately 3,200 people who died or were severely injured. About \$5 billion of a total \$6.8 billion in federal humanitarian aid is for this purpose, through the Victim Compensation Fund. Beneficiaries must waive their right to sue the airlines, the Port Authority of New York and New Jersey, the City of New York or any other domestic entity.

Charities have given upwards of \$800 million to compensate many of the same 3,200 families, representing about 30 percent of all philanthropic distributions. To facilitate payment,

Congress did away with the longstanding criterion of financial need for receipt of charitable donations. This has created an impression that one of the purposes of philanthropy is to compensate for lost life, representing a departure from our traditional expectations about the role of this sector.

Despite their unmatched largesse, all of the victim compensation funds have drawn bitter criticism and many have been sued by beneficiaries, who have complained that the formulas are flawed in one respect or another, most often because of alleged under-payments. As of March 7, 2003, only about a third of the eligible beneficiaries had submitted a claim to the federal fund, suggesting that most are waiting to see the size of payments before deciding whether to file or take their chances with a lawsuit. The awards range from \$390,000 to \$5.7 million, with a median to date of about \$1.25 million. Although some beneficiaries argue that the awards are too low, others---such as victims of other terrorist attacks and low-wage workers--- have questioned why some payments are so high. A surviving spouse of a military service person killed in the line of duty, with two children under 18, would need to receive the current Veterans Administration benefit of \$250,000 in life insurance plus \$1,422 per month for 58 years to reach, in nominal dollars, the median Victim Compensation Fund award to this point.

Public and private funding for other needs

Apart from the federal Victim Compensation Fund, government and philanthropy provided roughly equal amounts--approximately \$1.8 billion each--for individual, family, community and economic needs. However, the allocations for program areas differed markedly. About 60 percent of the government's \$1.8 billion was in the form of grants and low-interest loans for small businesses in Lower Manhattan and Chinatown, many of which employ large numbers of low-wage workers. Outside of victim compensation payments, the majority of philanthropy's \$1.8 billion went to human services programs and needs-based financial assistance.

Officials of the Federal Emergency Management Agency (FEMA) advised the charitable sector to wait until government had carried out its role in providing an initial response to human needs, noting that the "historical role for private funds is in long-term recovery, as responsibility for recovery moves from government to the community." Yet FEMA programs such as mortgage and rental assistance soon became bogged down in confusion and delays. In addition, by narrowly interpreting the law, FEMA officials failed to take into account the widespread economic--as opposed to immediate physical--impacts of the attacks. Philanthropy was able to move quickly to meet the mounting needs.

Federal programs to assist businesses

The small business assistance programs funded with special Congressional appropriations and administered by the Empire State Development Corporation, a quasi-independent state agency, have been criticized for disbursing payments too slowly and for failing

to cover losses adequately. Loans from another source, the U.S. Small Business Administration, require collateral, which presents difficulties for business owners who lost their business and must secure a business loan with their home. Others have questioned the use of federal community development block grant (CDBG) funds to induce large companies and affluent residential tenants to remain in or relocate to Lower Manhattan.

Federal programs to assist individuals

FEMA's individual assistance programs have been criticized by the public, the media and Congressional representatives. FEMA's eligibility requirements for its mortgage and rental assistance program were so restrictive that Congress enacted special legislation liberalizing the rules. Nevertheless, by extending the application deadlines several times, FEMA has distributed about \$87.7 million, more than four times the amount it awarded in all previous disasters combined.

FEMA's individual and family grants program, administered by the New York State Department of Labor, became bogged down by its paper-based application process, prompting FEMA to dispatch a team of 150 employees to help unravel the problems. Moreover, a major segment of those in need, undocumented immigrants and most of those who arrived after August 1996, are not eligible for these and other government benefits, with the significant exception of the Victim Compensation Fund.

To its credit, FEMA has awarded some \$165 million to the state for its Project Liberty, a short-term, outreach-based crisis counseling program that operates through some 68 public and private agencies at over 100 locations. This grant amount is almost as large as the total awarded in all previous disasters combined. However, only about \$65 million of this had actually been obligated as of the end of 2002, and limitations on longer-term therapy have prompted philanthropic sources to provide approximately \$50 million to meet this need.

Meeting health needs

In an example of unusual government flexibility to meet an emergency, New York City's Human Resources Administration implemented a four-month Disaster Relief Medicaid Program with liberalized income limits, no asset test, and a greatly simplified application. This approach succeeded in enrolling about 350,000 people, about ten times as many as normally enroll in a comparable time period. The program has received significant philanthropic support, from the Robert Wood Johnson Foundation, the United Hospital Fund of New York, and the Kaiser Family Foundation.

The Environmental Protection Agency released studies in late 2002 that were generally reassuring about air quality. However, in a special federally funded program, community and occupational clinicians screening on-site rescue workers are finding high incidences of respiratory problems and other lung-related complaints. Many are still concerned about potential dangers

and, in response to intense pressure from residents and elected officials, the EPA announced in May 2002 that it would, for the first time ever in a disaster, pay for indoor clean-up, testing, and environmental remediation for any resident south of Canal Street who requests it. EPA estimates there are 20,000 to 30,000 eligible residences.

In another effort to respond to public concerns outside the boundaries of statutory disaster relief programs, the New York City and federal government are cooperating on establishing a registry that will track the health status of some 100,000 to 200,000 people who lived or worked near the World Trade Center site between September 11, 2001 and June 30, 2002, in an attempt to measure short and long-term health effects.

The Report's Recommendations

Problems and policy issues discussed in this report have received scant systematic attention from policy makers. This is unfortunate, because they bear on our preparedness for future similar events and affect public confidence in government and philanthropy. They raise important questions about:

- the extent of federal responsibility to restore communities, individuals and families to their pre-disaster state,
- the role of philanthropy vis-à-vis government at all levels,
- coordination of effort,
- the purposes and criteria for financial aid for individuals and businesses, and
- the operations of important government and charitable institutions.

The report's four major recommendations are:

1. Encourage major cities to draw up coordinated contingency plans.

In anticipation of future similar attacks, major urban areas might do well to develop a contingency plan and locations for one-stop service centers, including a list of agencies and services, a protocol for uniform intake, a system for digitizing and sharing information, and provisions for coordinated case management. Such measures would save time and maximize assistance for grief-stricken and traumatized individuals.

2. Establish a federal commission.

The U.S. Congress should consider creating and funding a Disaster Relief and Recovery Commission with leadership representation from philanthropy, business, the media, and federal, state and local government. The commission's charge would be to:

- clarify the disaster-related relief and recovery responsibilities of government, philanthropy, insurance, and individuals, with attention to filling key gaps;
- review and refine the purposes and procedures of existing federal programs and suggest new elements and changes in existing elements to improve efficiency and responsiveness;
- establish principles about financial awards for individuals and businesses, including taxation of recovery grants to businesses, with special attention to eligibility of immigrants for government disaster relief assistance;
- review the recommendations of the GAO reports on charitable performance and small business assistance programs, the FEMA Inspector General's report, and the two Ford Foundation/Thomas Edison State College reports; and
- assume responsibility for implementing the GAO's recommendation that FEMA convene a working group of government and philanthropic leaders to develop better means.

3. Encourage philanthropy to clarify charitable appeals.

The philanthropic sector needs to consider questions that arose about the intentions of donors to 9/11 relief funds. Charities soliciting from the general public need to meet two conflicting challenges. Their appeals should be specific enough to tell the potential donor how the funds will be used, but broad enough to permit flexibility to respond to needs as they become known. Charitable funds that plan to assist activities not contemplated in the solicitation should review the experience of the September 11th Fund, which conducted public opinion surveys, including respondents who did and did not give to a 9/11-related cause, both in New York City and elsewhere.

4. Clarify victim compensation.

By doing away with the longstanding criterion of financial need for receipt of charitable donations, Congress made it possible for philanthropic organizations to compensate for lost life. Congress and the philanthropic sector need to decide if this will be a precedent for philanthropic responses to future disasters.

Background and Introduction

An August 2002 study for the Ford Foundation, prepared under the auspices of Thomas Edison State College in New Jersey,¹ found that the American people gave generously, and the funds were spent effectively, for relief and recovery from the terrorist attacks of September 11, 2001. A total of \$2.7 billion in philanthropic contributions, including donations by individuals, foundations, special benefit funds, and corporations, was raised and directed to a wide variety of humanitarian, social and economic assistance for victims of the disasters in New York City, the Pentagon, and Pennsylvania.

Philanthropic organizations in New York City, which was the focus of the study, generally defined “victim” broadly, encompassing not only individuals and families who suffered a death or serious injury at the World Trade Center, but also those who sustained economic losses as a result of the widespread ripple effects of the disaster throughout the metropolitan region. Among the assistance provided by charitable groups were:

- About \$1.25 billion in cash assistance for families and individuals
- About 14 million meals for rescue workers
- College scholarships estimated to meet about 70 percent of the financial need of all 4,500-4,700 children of victims
- Trauma and grief counseling for an estimated 15,000 people for up to five years
- Health insurance for an estimated 14,000 people
- Employment services for an estimated 12,000 people
- Specialized school-based assistance for 25,000 children
- Financial assistance to cover an estimated one-half of the financial losses of arts and cultural organizations
- Financial aid to stabilize small businesses and preserve their low-wage jobs, and for nonprofit organizations

The Ford report concluded that philanthropy moved quickly and flexibly to meet needs as they became known, made a major contribution to relief and recovery, and alleviated human suffering “despite very difficult circumstances.” An independent study by the General

¹ Tom Seessel, *The Philanthropic Response to 9/11: A Report Prepared for the Ford Foundation*, John S. Watson Institute for Public Policy, Thomas Edison State College, Trenton, NJ, August 2002. Available at (http://www.fordfound.org/publications/recent_articles/philanthropic_response.cfm) and (<http://www.tesc.edu/aboutus/watson>).

Accounting Office, released at about the same time, reached similar conclusions, and found that there was very little fraud in relation to the sums involved.

Difficulties confronting the philanthropic² response included lack of clear information about the exact nature and extent of the disaster, lack of an official victims' list, lack of a suitable precedent, misleading FEMA advice about the government's role vis-à-vis philanthropy, oversimplified media coverage, and problems in coordinating services and providing a uniform application form. The report recommended that steps be taken to address shortcomings in services coordination, uniform intake, and media coverage, and that the role of FEMA in urban disasters be reexamined.

In debriefings about the reports' findings and implications for future disasters with philanthropic groups and individuals in New York and other cities, it became clear that attempts to improve planning for post-disaster responses needed to include attention not only to philanthropy, but also government programs. Philanthropy does not operate in a vacuum, but rather seeks to find niches that relieve the burdens of government, fill gaps, or test and evaluate new approaches to meeting human needs.

This report, commissioned by the Ford Foundation and conducted under the auspices of Thomas Edison State College, attempts to place philanthropic programs in this larger context through a closer look at the scope, coverage, and difficulties of government programs in 9/11 relief and recovery in New York City. Despite widespread public and media criticism pointing out one shortcoming or another, this effort was in fact remarkably successful overall. Funds provided by both the federal government and philanthropic entities far surpassed the amounts in any previous disaster, and the allocations for some government aid programs exceeded the totals distributed for all previous disasters combined. Moreover, in numerous instances government agencies and philanthropic organizations demonstrated unaccustomed flexibility, agility, and speed in assisting

² A word on terminology: as in the August 2002 report, "Philanthropy" is used in the broadest sense in this report to mean "the effort or inclination to increase the well-being of mankind, as by charitable aid or donations." Independent and corporate foundations are included in the broad definition of philanthropy. The terms "charities," "relief funds," and "service providers" are used interchangeably to connote tax-exempt recipient organizations of donor gifts. Several organizations mentioned in the report, such as the American Red Cross, the September 11th Fund, Safe Horizon, and Seedco, both receive and distribute philanthropic contributions, and are referred to by one of the three latter terms.

individuals, families, small businesses and nonprofit organizations. The purpose of this report is to increase public understanding of lessons learned in the overall government-philanthropic relief effort, suggest a framework for preparation for future similar events, and highlight unresolved public policy issues arising from the 9/11 experience.

Summary of Federal Aid

Federal aid for disasters is triggered by a presidential declaration, requested by the governor, of a disaster area. Federal funds are allocated by the Federal Emergency Management Agency (FEMA), with the approval of the Office of Management and Budget, for a wide variety of purposes pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974. Most of these funds flow through the state emergency management agency to state and local public agencies. FEMA is the lead federal agency for the response, and is “authorized to enter into agreements with the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief or disaster assistance organizations” for coordination of activities.

In addition to FEMA’s statutory assistance programs, Congress frequently appropriates additional funds through other federal agencies to cover needs not met by FEMA’s authorizations. Examples in the 9/11 response are the community development block grant program, for business recovery and other purposes, through the Department of Housing and Urban Development; funds for health screening and reimbursements for hospitals through the Department of Health and Human Services; tax incentives for new investments in New York City’s Downtown district through the Internal Revenue Service; and dislocated worker training through the Department of Labor.

Federal 9/11-related aid for New York City from all sources is expected to total about \$25 billion, ten times as great as the total philanthropic amount for all locations and individuals. Initially, President Bush requested from Congress a special \$20 billion appropriation to fight the war on terrorism in Afghanistan and elsewhere. New York Senators Schumer and Clinton demanded that there also be an equal amount for relief, recovery, and rebuilding in New York

City, and Bush committed to this amount in an Oval Office announcement attended by the two senators on September 13. The \$40 billion emergency supplemental appropriations bill, introduced September 14, was enacted as Public Law 107-38 on September 18.

There was no delineation of uses of the funds except that one-half was for domestic relief and recovery. Of the total \$40 billion, the President was granted authority to expend the first \$10 billion; the next \$10 billion was to be available only after 15 days' advance notice on proposed uses to the House and Senate Committees on Appropriations; and the final \$20 billion could be obligated "only when enacted in a subsequent emergency appropriations bill." In subsequent negotiations about the uses of funds, Congressional conservatives sought to undermine the commitment, and OMB director Mitchell Daniels made negative comments about it, but the President stood by his pledge, and all of the funds have now been appropriated with designated uses.

The appropriations act watered down Bush's commitment to New York by providing that "not less than one-half of the \$40,000,000,000 shall be for disaster recovery activities and assistance related to the terrorist acts in New York, Virginia, and Pennsylvania..." Nevertheless, the President repeatedly referred to \$20 billion for New York City, and the OMB, in internal documents, periodically updated the "Status of President's \$20 Billion Commitment to New York." It is estimated that an additional \$5 billion will be distributed by the federal Victim Compensation Fund, established in a later piece of legislation.

In an early 2003 interview about the process by which Congress and the administration decided on specific programs to be funded with the \$20 billion, a member of Senator Schumer's staff at the time recalled Otto von Bismarck's quip, that the two things one does not want to see being made are laws and sausages. The process was greatly complicated because the Hart Senate Office Building was closed for the three months following arrival of a letter containing anthrax in Senator Daschle's office October 15. New York's senators and their staffs – as well as others normally housed there – worked out of temporary offices, often without computers, in other parts of Capitol Hill.

In the then-Democratic controlled upper house, Senators Schumer and Clinton were the initiators and arbiters of numerous funding requests urged by private firms, government agencies,

and nonprofit organizations active in relief and recovery. Thus, like much of the philanthropic response, large amounts of funds were made available before planning had occurred, and negotiations about specific uses of appropriated but unspent funds are still taking place. For example, the *New York Times* reported on February 7, 2003, that the administration had agreed, following intense negotiations, to a precedent-breaking understanding that would permit New York State and City to use about \$980 million of the \$20 billion in emergency relief funds to help close budget deficits.

Of the \$25 billion (including an estimated \$5 billion for the Victim Compensation Fund), about \$6.8³ billion has been directed at the broad categories of human, economic and social needs that have also received philanthropic contributions, and it is this portion that is the focus of this report. The approximately \$18+ billion balance, furnished mainly through FEMA, covers major expenditures such as debris removal, emergency transportation, DNA testing, transportation and other physical infrastructure replacements, insurance for contractors working at ground zero, and reimbursements to New York City Fire and Police Departments for various costs such as death benefits, overtime, and replacement of destroyed government facilities and equipment. As one FEMA official put it in commenting on FEMA's problems with its individual assistance programs, "FEMA's big role is to help governments, not people, recover." The \$25 billion figure also includes about \$5 billion in tax incentives for corporations to reinvest in Lower Manhattan.

Excluding the estimated \$5 billion in victim compensation, federal aid has totaled about \$1.8 billion for human, social and economic purposes. About 60 percent of this has been for small business loans and loss compensation grants, and the balance has gone for all other programs including mortgage and rental assistance, home repairs, temporary lodgings, individual and family grants, disaster unemployment assistance, trauma counseling, employment assistance, health screening and registry, and reimbursement of hospital expenses. The largest categories of non-business aid have been health/ mental health and needs-based financial assistance, each accounting for about 18 percent of the total.

³ Because much of the federal aid has not been disbursed, and there are still some areas of uncertainty about final amounts, sums cited in this report are approximate and are based on best estimates as of March 2003. Moreover, some extraordinary services provided by government discussed in this report, such as emergency Medicaid and HRA emergency checks, were funded out of normal appropriations and not counted in total federal aid for the disaster.

Comprehensive comparable figures for philanthropy have not been compiled or categorized, but roughly the same total amount, \$1.8 billion exclusive of victim compensation payments, has been spent for individual, family, and community needs by philanthropic organizations.⁴ Human services programs and needs-based financial assistance were the largest categories of the \$1.8 billion, each accounting for roughly 30-35 percent.

Family Assistance Center (New York City)

The Mayor's Community Assistance Unit, the City's Office of Emergency Management, the City Human Resources Administration, with FEMA assistance, opened, on September 17, a Family Assistance Center as a one-stop facility where family members who had lost someone could file a missing persons report, begin the process of obtaining death certificates, and receive other help. Anne Grunewald, director of human services for the City's Office of Emergency Management, credits FEMA as having been "tremendous in supporting us quickly" in opening the Family Assistance Center (FAC).

Human Resources Administration personnel installed phone lines and computers, and deployed staff to process emergency food stamps, Medicaid, and up to \$1,500 for emergency child care. HRA's lead official, Jane Corbett, deputy commissioner for domestic violence and emergency intervention services, had coordinated the City's response to the 1993 World Trade Center bombing and the fatal 1981 fire that claimed 87 lives at the Happyland Social Club in the Bronx. She persuaded top HRA management to support the concept of a one-stop center and obtained the unusual authority to issue checks in amounts of \$200-400, on the spot and with no documentation, to tide people over until other benefit streams could be activated. The Social Security Administration, Veterans Administration, and State Workers Compensation Board also opened desks to serve their statutory beneficiaries.

⁴ The main sources for the estimates of philanthropic contributions and distributions are the Foundation Center, *Giving in the Aftermath of 9/11*, November 2002; various issues of *The Chronicle of Philanthropy*; the AAFRC Trust for Philanthropy, *Giving USA: 2002: The Annual Report on Philanthropy for the Year 2001*, Center on Philanthropy at Indiana University, Indianapolis, 2002; and Ford Fessenden, "After the World Gave: Where \$2 Billion in Kindness Ended Up," the *New York Times*, November 18, 2002.

Major nonprofit organizations represented at the FAC included the American Red Cross, Salvation Army, New York Cares, and Safe Horizon. The New York State Crime Victims Board enlisted, which has an extensive history of working closely with the Board, to provide staff to help process applications for victims' benefits at the FAC. Safe Horizon also opened offices for this purpose in the outer boroughs, for the convenience of individuals who were unable or frightened to travel into Manhattan. Representatives of the Crime Victims Board issued checks on the spot for up to \$1,500 to cover loss of earnings of deceased family members (with a maximum payment of \$30,000 per year), and in the other boroughs Safe Horizon issued checks in the expectation of subsequent reimbursement by the Board. Documentation of eligibility was expedited at the time of application and completed later. The September 11th Fund, a general purpose relief fund created by the New York Community Trust and United Way of New York City to respond to unmet needs and which provided generous support for the multi-faceted contributions of Safe Horizon to the 9/11 relief effort, awarded Safe Horizon with a grant to pay comparable death benefits for same-sex partners, and to families whose primary wage earner had not died but had lost his or her job.

It gradually became clear that the disaster had wide impacts that extended well beyond the deaths and injuries at ground zero. Most significantly, about 100,000 jobs had been lost, devastating individuals and families who lived throughout the city and region. Others whose livelihoods depended on doing business with Downtown companies, such as car service drivers, also suffered economic losses. These people began streaming into the FAC, which had been intended to help only those who were family members of an immediate victim.

In response to this unexpected outpouring of people with diverse needs, the HRA on September 19 opened a Disaster Assistance Service Center (DASC), initially to serve displaced workers with the participation of the State Department of Labor, at 180 Water Street, but which soon became a much larger operation than the Family Assistance Center. The DASC's mission was expanded to include other services provided by agencies such as HUD and the Small Business Administration, and moved to 51 Chambers Street; the DASC relocated again to 141 Worth Street, in headquarters that were organized by FEMA. A portion of the FAC at Pier 94

was also converted to a DASC. Some 30 public and private agencies ultimately were represented at these one-stop centers.

There were no protocols or precedents for such collaboration and the agencies needed to improvise procedures to mesh their operations and facilitate the process for clients. Agencies were concerned that some people would try to take advantage of the crisis and get benefits they were not entitled to. Privacy rules prevented some organizations, especially public agencies but also the Red Cross, from sharing information about clients. As a result, the DASC experienced well-publicized cases of frustrated and anguished individuals who had to provide the same information on different forms for several agencies, of people who did not get straight answers to their questions, and cases of delays or denials of benefits.

An ad hoc system of coordination began to emerge from the work of an informal “services coordination group,” consisting of the top leadership of key organizations, chaired by FEMA, that could make decisions and empower DASC personnel to carry them out. The group sorted out which agencies were responsible for various services and configured a flow of clients through the different stops. The group developed a single information form to capture basic information needed by each agency for every client---such as family size, how they were impacted, and social security number---and this information was shared among the agencies, reducing the amount of time clients needed to spend on this task. IBM donated personnel to digitize the form, using techniques developed in earthquake disasters in Turkey, India, and Peru. Some of the agencies, including the HRA, began recording on the form the benefits they disbursed. These arrangements came on line too late to save time or trouble for many of the first wave of clients, but they became the groundwork for the 9/11 United Services Group, a consortium of 13 major social services organizations, which by early 2002 had developed an on-line unified case management system for the broadly defined group of victims and their families.

Cash Benefits for Families of Immediate Victims

The largest single federal assistance program for individuals and families is the unprecedented September 11th Victim Compensation Fund, providing tax-free cash awards for the

survivors of persons killed or seriously injured in the attacks who agree to waive their right to sue the airlines or any other public or private entity (except alleged foreign terrorists or their supporters). The Fund was established by Title IV of the Air Transportation Safety and System Stabilization Act of 2001, commonly referred to as the airlines bailout bill, hastily enacted by Congress 11 days after 9/11. The payments are intended to compensate surviving dependents for the expected future economic value of the victim's life, based on current earnings. This formula generates larger payments for well-to-do victims than for those at the lower ends of the earnings scale, an imbalance that is not corrected by charitable awards. Awards from the Fund could ultimately reach a total of about \$5 billion, for approximately 3,200 eligible claimants, including nationals of 61 different countries.

To prevent "double dipping," the authorizing legislation specifies that awards from the Fund be reduced by "all collateral sources" of payments such as life insurance, pension funds, and payments by federal, state and local governments (except the federal Public Safety Officers Benefit). Fund Special Master Kenneth Feinberg initially interpreted the statute to mean that charitable payments, such as those made by various benefit funds, were to be counted as collateral sources. In a meeting with Feinberg, representatives of about 50 philanthropic organizations threatened to withhold their payments until after the Victim Compensation Fund made its awards, so as to prevent reductions in the federal amounts. Recognizing the potential for unacceptable delays, Feinberg decided to exempt charitable payments from the collateral sources calculation. As a result of this decision, some families have or will receive cash awards from numerous sources including the Red Cross, uniformed officers benefit funds, and the federal Fund. For families of uniformed rescue workers, with five years of service and a spouse and two children, this could amount to an estimated total of about \$3 million, consisting of about \$2 million from government sources and about \$1 million from charity.

Philanthropic Victim Compensation

Victim compensation for families of persons who died or were seriously injured in one of the three disaster sites, without regard to financial need, was by far the largest category of philanthropic aid, accounting for more than \$800 million. The largest single source was the

American Red Cross, which reported disbursing \$316 million for these purposes as of January 31, 2003. The Red Cross had never made such gifts, having previously confined its financial assistance to temporary living expenses for needy victims. The new program was created as part of the response to widespread public controversy over the Red Cross' announcement that it would not spend all of the 9/11-inspired Liberty Fund contributions on that disaster. When the Red Cross reversed this policy, it was forced to find new ways to spend the contributions, and the outright gift program was the largest of these inventions.

The three major funds dedicated to the 436 families of deceased uniformed rescue workers raised about \$455 million, mainly for payments to survivor families, by late 2002. Smaller amounts were distributed as outright gifts to families of immediate victims by other charities, principally the September 11th Fund and the Robin Hood Foundation. Corporations that lost large numbers of employees in the World Trade Center also established their own charitable funds for cash payments to surviving family members. Three firms that suffered about one-third of the total deaths---Marsh & McLennan, Cantor Fitzgerald, and Keefe, Bruyette & Woods, Inc.---contributed and raised from their employees and others a total of about \$30 million.

Operations of these funds were marked by ad hoc decision-making, because most of the funds were newly created and lacked policies, criteria, and procedures. These were hastily created to enable expeditious action in the face of media stories highlighting the gap between total funds donated and totals paid out. Each fund used a different formula for its distributions. In some cases, there was a flat amount per family, while in others the number of dependents, length of service, and other factors were taken into account. Most families received support from more than one fund, with no coordination of benefits paid. As a result of unprecedented Congressional legislation, charities were relieved of their traditional legal obligation to make a finding of financial need before distributing tax-exempt charitable funds to families of victims of the airplane and anthrax attacks between September 11 and December 31, 2001.

The various public and private cash compensation programs are extraordinary in comparison with those made following previous acts of terrorism, such as the bombings of the World Trade Center in 1993, the Oklahoma City Murrah Building in 1995, and the U. S.

embassies in Africa in 1998. In none of these cases, nor in natural disasters, has Congress or philanthropy made such generous provisions for survivors. In striking contrast, the Department of Veterans Affairs has a standard schedule of benefits for surviving spouses and dependent children of active duty military personnel who die in the line of duty. This provides a spouse with two children under 18 a life insurance benefit of \$250,000 plus \$1,422 per month. Dependents of military personnel killed on 9/11 are eligible for the Victim Compensation Fund, but the awards are reduced by the “collateral” payments from the VA.

Problems and Policy Issues

Despite their unmatched liberality, all of the funds have encountered bitter criticism from the beneficiaries who have complained that the formulas are flawed in one respect or another. Some uniformed rescue workers’ families who received a flat amount have protested that those with more dependents and length of service should receive higher awards. Families of seven victims at Cantor Fitzgerald Securities have filed a federal lawsuit against the Special Master of the federal Fund, alleging, among other things, that his calculations have shortchanged higher income earners by offering them only about ten percent of what they believe their spouses would have earned over the rest of their lifetimes.

As of March 7, 2003, only about one-third of the eligible group had submitted a claim to the federal Fund, suggesting that most are waiting to see the size of payments before deciding whether to file or take their chances with a lawsuit against the airlines, Port Authority, or City of New York. Fund Special Master Kenneth Feinberg believes that most potential claimants will ultimately file for benefits, as the December 22, 2003 application deadline approaches. (Some potential claimants are protecting their options by having already filed lawsuits. The March 15, 2003 *New York Times* reported that there have been some 1,700 disaster-related suits against the City, including 1,000 firefighters seeking a total of at least \$12 billion. The City Law Department has set up a special World Trade Center defense unit consisting of 21 lawyers, operating on a \$3 million budget, to fight these claims, which could take years to decide.) Victim Compensation Fund award letters were issued to 246 persons, 141 of whom have accepted. The median award after offsets is

\$1,251, 286, ranging from \$390,000 to \$5.7 million. A surviving spouse of a military service person killed in the line of duty with two children under 18 would need to receive the current VA benefits for 58 years to reach, in nominal dollars, the median Victim Compensation Fund award to date.

Aid for Small Businesses

The New York City Partnership and Chamber of Commerce reported that 707 small businesses were destroyed in the World Trade Center, and that in the 45 days after 9/11 losses at 3,400 inaccessible small firms in the immediate vicinity of ground zero amounted to \$795 million. Small businesses as far as two miles from ground zero that experienced no physical damage nevertheless felt secondary impacts from disrupted subway service, utility repairs, closed streets, and a drop in tourism. Retail and food businesses, whose main market is foot traffic from office buildings, and small manufacturers, were especially hard-hit. By one estimate, there were about 14,000 small firms with 50 or fewer employees in Lower Manhattan and Chinatown south of Canal Street. These employed a total of about 370,000 people, including large numbers of low-wage and immigrant workers.

The second largest category of federal aid, totaling an estimated allocation of about \$1.1 billion, has been for grants and low-interest loans for these enterprises. Federal and philanthropic funds have been used to compensate for lost revenues, replace or repair damaged facilities or equipment, bridge insurance payments, and provide cash flow for recovery. About \$700 million of the \$1.1 billion in federal aid, mostly for grants for business loss compensation, has come from outside an established channel of authorized federal disaster relief, through the community development block grant program created in 1974 to revitalize low-income neighborhoods. About \$400 million has been for loans under the FEMA-Small Business Administration's statutory disaster relief authorizations. Philanthropic organizations such as the Ford Foundation, the New York Times Company Foundation, the September 11th Fund, and other foundations and corporations have made grants and low-interest loans to help support similar activities administered by nonprofit organizations.

Federal emergency supplemental community development block grant (CDBG) appropriations for New York City economic recovery have gone to two quasi-independent state agencies, the Empire State Development Corporation and its subsidiary, the Lower Manhattan Development Corporation. Specific plans for expending the funds are subject to prior HUD approval. As in the case of natural disasters, the HUD Secretary waived many requirements of the CDBG program, such as the one that at least 70 percent of the beneficiaries be low- or moderate-income persons. Of the \$3.5 billion total CDBG funding for the City---more than the total CDBG funds provided nationwide for all major disasters since 1991---Congress required that at least \$500 million be used to compensate small businesses and nonprofit organizations located in Lower Manhattan for their economic losses. The LMDC has indicated that it plans to provide an additional \$200 million for these purposes. The approximately \$2.8 billion balance is being used for Downtown relocation and retention incentives for large firms, Downtown residential relocation incentives, rebuilding Con Ed and Verizon facilities, master planning of the World Trade Center site, and various city expenses related to the emergency.

Business Recovery Grants

This program, the largest one to be funded with CDBG allocations, was designed by the LMDC and the Empire State Development Corporation to provide businesses or nonprofit organizations with fewer than 500 employees, located south of 14th Street, with cash grants for uncompensated economic losses related to the attacks. The closer a business is, or was, to ground zero, the greater the amounts that are compensated. The maximum grant, for businesses closest to the World Trade Center site, covers 25 days of lost revenue, up to \$300,000. As of March 18, 2003, a spokesman for the Empire State Development Corporation said that the agency had approved 14,233 grants totaling \$530 million in business recovery grants. In a November 2002 study, the General Accounting Office reported that about three quarters of the recipients employed 10 or fewer people, making it likely that a majority of the recipients employed a predominantly low-wage workforce.

Small Firm Attraction and Retention Grants

This LMDC/Empire State small business program is designed to provide cash grant incentives for small businesses that agree to remain in or relocate to Lower Manhattan. The program offers payments to businesses (but not nonprofits) with fewer than 200 employees that are located or planning to locate south of Canal Street, and sign a new lease or renew an existing lease for at least five years. Total payments are \$3,500 per employee, except for those that were in the “Restricted Zone” close to ground zero, which can qualify for \$5,000 per employee. As of September 11, 2002, \$12 million had been disbursed to 246 businesses. According to the most recent Empire State Development Corporation’s plan for its CDBG funds, a total of \$105 million has been earmarked for the small firm attraction and retention program. (Firms may participate in the SFARG in addition to the other Empire State grant and loan programs.)

Business Recovery Loan Program

A more recent initiative of the Empire State Development Corporation, also undertaken with CDBG funds, is low-interest recovery loans for small businesses and nonprofit organizations that cannot qualify for a conventional or SBA loan. This activity is directed at business revitalization, not compensation for losses or incentives for relocation, and firms that participated in one of the earlier programs are also eligible for this one. Businesses with 500 or fewer employees, located anywhere in the city provided they were south of 14th Street on 9/11, are eligible. Firms located beyond these boundaries on 9/11 qualify if they derived at least ten percent of their revenues from business south of 14th Street. Empire State has funded the program with \$50 million in grants to nonprofit community development financial institutions (CDFIs), which in turn awards the funds as low-interest loans. Empire State expects that the CDFIs will make a total of about 1,000 loans averaging \$50,000, with a cap of \$250,000 per loan. Seedco, a CDFI which had been operating a small business loan and grant program with funding from several public and philanthropic donors, was the first recipient of Empire State funds under this new initiative, and had closed about 40 loans worth about \$2 million as of January 2003.

Assistance by State and City before Approval of Federal CDBG Funds

Shortly after the attacks and before approval of the CDBG funds, the Empire State Development Corporation and the City Economic Development Corporation began a program of cash grants of up to \$10,000 each to small businesses, and about \$24 million was approved for 4,322 firms. The State and City also operated a joint program in which they furnished loan loss reserves to banks and nongovernmental community development financial institutions that extended bridge loans to small businesses and nonprofit organizations. The estimated \$24 million in cash grants is expected to be reimbursed from CDBG funds, and the loan loss reserve program is now funded with \$15 million in CDBG resources.

Problems and Policy Issues

The Empire State Development Corporation's small business programs have received a great deal of criticism including concerns about reimbursement grants that fall substantially short of actual losses, delays in approving and disbursing funds, confusion about boundaries demarcating eligibility for different programs and differing grant sizes, and perceived inequities such as the fact that businesses in the World Trade Center that were totally destroyed receive the same amount as other businesses in the same geographic zone. The November 2002 GAO report found that the State had awarded only about one-half of the number of business recovery grants it originally estimated, but by March 2003 about three-quarters of the original target of 19,600 small businesses had been helped. The median amount of loss coverage not otherwise reimbursed by insurance or other grants was only about 17 percent. Because this was not an established disaster relief program, guidelines and criteria had to be improvised hastily to meet the emergency. As a result, according to an April 10, 2003 *New York Times* report, a HUD audit found that Empire State had "paid millions of dollars to companies without getting details on how they had calculated their losses, a flaw that persisted despite a preliminary audit that flagged the problems."

Criticisms by business owners of the attraction and retention grant program has focused on slow disbursements, ineligibility of firms with fewer than 10 employees (a rule that was later eliminated) and disputes about the significance of lease expiration dates for businesses that were located in the World Trade Center. Another concern is that business grants are subject to federal

income taxes, even though this is self-defeating of the purpose of the program's assistance; grants to individuals for personal expenses like housing are not taxable. Some business owners are pleased with the assistance they have received, and, according to officials of public and nonprofit organizations active in Downtown economic assistance, some owners have devoted a great deal of time and energy to making the rounds of various funding sources seeking to get the maximum possible aid.

Questions have also been raised about the overall allocation of the \$3.5 billion in CDBG funds. Large companies that remain or relocate in Downtown may receive up to \$6,250 per employee, compared to a maximum of \$5,000 for small firms. A total of \$170 million has been allocated for the large-firm retention program, compared to \$105 million for small firms. Two firms that had already expressed an intention to stay Downtown, American Express and the American Stock Exchange, were early recipients of these grants. The residential relocation incentive program, for which about \$280 million in CDBG funds has been allocated, provides residents of Battery Park City and parts of Tribeca, where the median household income is about \$125,000, with grants of up to \$14,500 if they sign new leases. Residents of Chinatown--where there was no direct damage but large economic disruptions-- qualify for residential incentive grants of up to only \$7,750, even though the Chinatown median household income is about a third of that in Battery Park City and Tribeca.

Small Business Administration Loans

The Small Business Administration (SBA) is equipped with statutory authority to make disaster-related loans in three categories: business physical disaster loans for repair or replacement of property; economic injury disaster loans for working capital to assist small businesses and nonprofit organizations cover operating expenses; and disaster assistance loans for repair or replacement of homeowners' or renters' real and personal property. Prospective borrowers from SBA are strongly encouraged first to register and establish their eligibility with FEMA, in a common intake procedure. Business owners who do not qualify for one of the SBA programs may be eligible for one of FEMA's individual assistance programs. Congress appropriated \$175 million to the Small Business Administration as part of the \$40 billion

emergency supplemental bill, a figure that was calculated to support about \$651 million in loans through the agency's three programs.

SBA loan officers were outstationed in the Disaster Assistance Recovery Center (DASC) at 141 Worth Street, and at one time at 19 other locations including one in Chinatown. Eligibility is open to any small business that sustained physical or economic damage in any borough of New York City, 10 suburban New York counties, 6 upstate New York Counties, 6 northern New Jersey counties, 2 counties each in Connecticut and Pennsylvania, and Berkshire County in Massachusetts. In addition, Congress authorized \$75 million to enable the SBA to guarantee \$4.5 billion in non-disaster-related "7(A)" bank loans for small businesses located anywhere in the country that could show a direct or indirect adverse impact from 9/11.

The SBA disaster loan programs carry interest rates of 3.375 to 8 percent , and may be for a term of 30 years. SBA loans are relatively straightforward and free of most of the intricate complexities of the Empire State grant programs, and can be for much greater amounts---up to \$10 million, compared with \$300,000 in Empire State's business recovery grants and \$250,000 in recovery loans. (The maximum SBA loan in other disasters has been \$1.5 million.)

All of SBA's assistance is in the form of loans that that are secured by collateral, a requirement that can be waived or negotiated flexibly in the Empire State and CDFI loan programs because the sources of these funds are mainly grants. Downtown business real or personal property that was destroyed or severely damaged is obviously not available as collateral. Instead, these owners usually need to offer their homes as collateral, a very risky move when they are facing great uncertainties about the economic future of the city and their businesses. Undocumented immigrants are not eligible for SBA loans, but some Empire State/CDFI programs are less exacting than the SBA in their immigrant status documentation requirements.

SBA applicants can also qualify for all three of the Empire State programs and the CDFI programs, and in practice receipt of a grant or wage subsidy strengthens the cash flow projections analyzed in the loan underwriting process. Under program rules, owners are not prevented from borrowing from more than one source, although the ability to service total debt is a key underwriting factor.

As of January 4, 2003, SBA had approved \$411 million for 11,165 disaster loans in New York City, about 85 percent of which were in Manhattan. (Another \$54 million had been approved for the suburban and upstate counties in the broader tri-state disaster area. There are no figures available on utilization of the expanded “7(A)” guarantee program anywhere in the U.S., but SBA officials indicate that there has been very little interest.) Of the \$411 million in New York City, just over 90 percent was for economic injury loans for working capital and operating expenses in the disaster period. Eight percent was for repair or replacement of real estate, machinery, equipment, inventory, and supplies. Only \$5.9 million had been approved for loans to homeowners or renters to repair or replace real estate or personal property. The \$411 million represents about two-thirds of the authorized \$651 million. SBA closed its DASC office and stopped processing applications January 31, 2003, upon expiration of the disaster period.

Criticisms of the SBA program have focused on the collateral requirements and high denial rates. A November 2002 GAO study found that denials and withdrawn applications accounted for 54 percent of all business application dispositions, and the primary reasons for denial were “no repayment ability” and “unsatisfactory credit.” The primary reasons for withdrawals were “no IRS record found” and “failure to furnish additional information.”

Non-governmental CDFI Programs

Several nonprofit community development financial institutions began operating small business loan, grant, and wage subsidy programs soon after 9/11, initially with philanthropic support that has now reached a total of about \$50 million. Seedco is the largest of these, having committed about \$21 million as of January 31, 2003, mostly for retail and manufacturing enterprises employing less than 50 people south of Canal Street including Chinatown.⁵ Retail and manufacturing businesses with less than 50 employees are more likely to employ predominantly low-wage and immigrant workforces than larger businesses and businesses engaged in professional services or other industries. Until it received the Empire State Development Corporation grant, whose purpose is business recovery, Seedco’s programs

⁵ The Seedco program has been chronicled by Tom Seessel, *Back in Business: The Lower Manhattan Small Business and Workforce Retention Program*, Seedco, New York, April 2002.

focused on stopgap bolstering of small businesses' cash flows and stabilizing their low-wage workforces until larger, longer-range assistance could be identified.

Other CDFIs and nonprofit organizations with similar programs for small businesses and nonprofit organizations in Lower Manhattan include the Renaissance Economic Development Corporation, affiliated with Asian Americans for Equality; ACCION; the New York City Partnership and Chamber of Commerce; the Nonprofit Finance Fund; and the Fund for the City of New York. Each of these has carved out a mostly distinctive niche, although there is some overlap in terms of eligibility, purposes and uses of funds, among the CDFIs, Empire State, and SBA programs. The CDFIs have provided useful though small supplements to Empire State and SBA programs, and they have been able to respond to very small businesses that for one reason or another could not qualify for, or receive as much as they felt they needed from, a government program.

FEMA Individual Assistance Programs

At the time of its response to 9/11, FEMA had statutory authorization for three principal programs to assist individuals and families meet their economic needs following a disaster: Mortgage and Rental Assistance, Individual and Family Grants, and Disaster Unemployment Assistance. These are discussed in the following sections. As is the case with all other government programs---with the important exception of the Victim Compensation Fund---undocumented immigrants and most of those who arrived after August 1996 are not eligible. These individuals became a special concern of philanthropic organizations.

Mortgage and Rental Assistance

The Mortgage and Rental Assistance Program (MRA) authorizes FEMA to cover up to 18 months of rent or mortgage payments for victims who suffer financial hardship as a result of a major disaster. FEMA's initial policy in New York City was to restrict eligibility narrowly to persons who could demonstrate a "direct" link between physical damage to their place of employment and the loss of at least 29 percent of their monthly gross income. Applicants also needed to produce a written eviction, dispossession, or mortgage foreclosure document. FEMA

application forms contained no guidance or criteria for interpretation of “direct,” and 15,000 faulty applications were mailed out that increased the risk that eligible families would not receive help.

There were numerous cases of administrative ineptness, such as denial because FEMA staff could not obtain employer verification of a job loss at a destroyed firm in the World Trade Center. Application evaluators---two-thirds of whom were temporary workers---were located in Texas, Virginia and elsewhere, and many did not understand New York’s geography. One employee, for example, did not know that 1 Liberty Plaza is located in Downtown Manhattan, adjacent to the World Trade Center site. Another insisted that garment workers, many of whom had lost their Chinatown-based jobs because of transportation closures, had been laid off because it is a seasonal occupation. There were frequent descriptions of evaluators as condescending or rude.

FEMA made minor adjustments in its process and criteria at various times in late 2001-early 2002, but never clarified what it meant by “direct.” Among the changes was that a late notice would be acceptable documentation of intent to foreclose or evict. The adjustments did not improve the situation much, and the application denial rate six months after 9/11 was 70 percent. Only 2,854 applications were approved, for a total amount of \$13 million. FEMA officials sought to deflect attention away from its shortcomings by making public statements, with some justification if not sensitivity, that the large charitable response helped New Yorkers stay current with their mortgage and rental obligations, thus preventing issuance of foreclosure or eviction notices.

FEMA officials struggling with the “direct effect” issue were troubled by how wide the eligibility area might become, and how large the outlays would be, if the direct connection to physical damage near the disaster site was no longer the criterion. Larry Zensinger, director of FEMA’s Recovery Division, continued to defend the initial eligibility criteria in a January 8, 2003 interview, noting “once you get away from a connection with direct physical impact, where do you draw the line? Airline employees living in Los Angeles also suffered economic hardship due to reduced flight schedules.”

In April and May 2002, FEMA reviewed all 7,323 denied applications and found about 22 percent to be eligible, and additional documentation was requested for a further 43 percent. But the need to prove undefined “direct” impact continued to be the main stumbling block. By June 2002, under the threat of pending Congressional legislation establishing eligibility boundaries and discarding the “direct” language, FEMA issued revised guidelines expanding the geographic area to include the entire Borough of Manhattan. (Taking no chances, Congress subsequently enacted this into law on August 2.) FEMA also discontinued requiring self-employed or business-owner applicants to apply for an SBA loan before seeking

continued mortgage and rental assistance. Under the new rules, applicants could demonstrate economic impact by showing that:

- their employers were located in Manhattan and suffered financially because of the World Trade Center attack, or
- they lost jobs or significant income because their non-Manhattan employers had significant business relationships with firms in Manhattan, or
- they lived in Manhattan but commuted to work outside the borough and suffered financially because of travel restrictions after 9/11.

The standard of financial hardship was also decreased from 29 to 25 percent of gross monthly income. As a result of the new guidelines, and application deadlines that were extended several times, ultimately to January 31, 2003, the rate of eligible applications and amounts awarded increased dramatically. The number of eligible applications increased from 2,854 applications for a total amount of \$13 million in April, to 10,429 and \$87.7 million by December 26, 2002, a month before the deadline. The overall approval rate increased from 20 to 60 percent over this same period.

For all of its troubles, the Mortgage and Rental Assistance program provided much more help to New York City than it had in all other disasters since its inception. The program was little used before 9/11 because, according to a FEMA Inspector General's Report in December 2002, "previous disasters did not coincide with nor result in widespread unemployment and national economic losses." Before 9/11, a total of \$18.1 million had been awarded for 68 declared disasters, compared with \$87.7 million for New York, with further monthly amounts yet to be paid out to those who can demonstrate continued economic need.

The MRA program had operated at such a low level that, in 2000, Congress made it unavailable for disasters after May 1, 2002. The Individual and Family Grants program was also repealed for disasters after May 1, 2002. For disasters occurring after that date, items previously covered by these two programs are combined in a new Individual and Households Program. [The FEMA Inspector General's Report concludes its discussion of the MRA by saying that the program "if reinstated... would still require legislative revision to make it less complicated to administer. A broader, more flexible program... would more appropriately meet the range of economic losses experienced such as the September 11 terrorist attacks. FEMA should explore

such a program with Congress.” Based on interviews with current and former high-ranking FEMA and other federal government officials, there are no indications that such an exploration is a priority for FEMA, which has now been incorporated in the new Department of Homeland Security.

Individual and Family Grants

This program provides grants to states, subject to a 25 percent matching requirement, as a sort of “ultimate safety net” to help meet disaster victims’ various needs that cannot be addressed under other federal programs. Eligible expenses include compensation for such losses as vehicles and other personal property, moving and storage expenses, and medical, dental and funeral costs. To qualify for the Individual and Family Grants (IFG) program, individuals must first have utilized insurance receipts and applied for and been denied an SBA disaster assistance loan for homes and personal property. In New York, the IFG program is administered by the State Department of Labor in accordance with a FEMA-approved plan.

The Individual and Family grant program (IFG) was marked by widespread complaints about confusing rules, excessive documentation requirements, delays in processing applications, high rejection rates, small awards, and poor public outreach and communications. About 300 people who mailed in applications had their packets returned in November 2002 because FEMA’s Albany Post Office Box was closed after the agency failed for three months to renew the \$425 annual fee. In response to criticisms, FEMA and the state extended the IFG application deadline on several occasions, finally to January 31, 2003. Items normally covered by the IFG in other disasters, such as burial expenses and health care coverage, were not provided in New York City because the disaster was caused by a crime, and consequently these expenses were reimbursable under the U.S. Department of Justice’s Office for Victims of Crime programs. FEMA officials also said that private charitable organizations were helping to meet these expenses.

The state Labor Department initially assigned 10 permanent and 50 temporary employees to answer inquiries and process applications---utilizing a paper-based information management and case processing system---in the Disaster Assistance Center at 141 Worth Street

in Lower Manhattan. The antiquated paper-based methodology led to an overwhelming backlog when, in May 2002, in response to heightened concerns about environmental contamination, the state and FEMA announced that the Individual and Family Grant program could be used to reimburse up to \$1,550 in outlays for indoor air conditioner units and other air quality equipment for residents anywhere in the five boroughs, regardless of income or proof of adverse environmental impact. This was instituted despite the fact that EPA had concluded the city's outside air quality was back to where it was pre-9/11, and made use of apartments above 78th Street as clean control samples when testing for Downtown air quality.

Indoor air quality equipment such as filters, air purifiers, and high efficiency particulate air (HEPA) vacuum cleaners had been reimbursable since October 2001, but the May 2002 announcement that air conditioners were included engendered an entrepreneurial response by existing and start-up businesses that began promoting the program by encouraging individuals to purchase the equipment and seek reimbursement. Consumer uptake caused IFG applications to quadruple from about 3,000 per month to an average of about 12,000 in the unusually hot summer months of 2002. Not anticipating the upsurge, the state in March had reduced the number of staff assigned to IFG from 60 to 30.

FEMA assigned a team of 150 employees to help the state reduce the backlog by converting data to an electronic base, referring new incoming calls to the FEMA national processing center, making on-the-spot eligibility determinations where possible, providing online registration in the DASC, and streamlining redundant processing procedures. FEMA and the state grossly overstated the consequent improvements, saying in late October 2002 that the approval rate had jumped from 13 percent to 89 percent. In responding to Congressional questions about "Enron accounting," a spokesman for the state Labor Department conceded that the new calculations did not represent real awards made, but rather the possibility that awards would be forthcoming. "It's more of a positive way of looking at where those people stand," the spokesman was quoted as saying in the November 1 *New York Times*.

As of December 24, 2002, about a month before the IFG application deadline, there had been 211,305 applications, of which 46,610 were approved, with awards totaling \$46.8 million, or an average of just over \$10,000 per grant.

Disaster Unemployment Assistance

The smallest of FEMA's individual assistance programs is unemployment assistance, primarily for self-employed workers such as car service drivers and others not covered by regular unemployment insurance, who are unemployed as "a direct result" of a disaster. As in the case of other public programs, undocumented immigrants, and most documented immigrants who arrived in this country after August 22, 1996, are not eligible. All of the DUA program costs are paid by FEMA, through a transfer to the U.S. Department of Labor, which in turn makes the funds available to the state Department of Labor pursuant to an approved plan and guidelines. The state processed applications in the Disaster Assistance Service Center, at 141 Worth Street.

The state acted quickly to get clarification from the U.S. Department of Labor about the interpretation of "direct," which had never been defined in previous disasters. An October 12, 2001 letter, subsequently confirmed in the November 14 *Federal Register*, went into great detail defining the term in restrictive language limiting eligibility to unemployment resulting from "physical damage or destruction of the work site," "the physical inaccessibility of the work site," and loss of work in a business that "previously received at least a majority of its revenue or income" from businesses that suffered the specified direct impacts. The regulation ruled out unemployment that was "the result of a longer chain of events precipitated or exacerbated by the major disaster." Although FEMA didn't use the same words, the same thoughts were in the minds of its officials who resisted expanding the boundaries of the Mortgage and Rental Assistance Program.

Minimum DUA benefits are one-half of the average regular unemployment weekly benefit, which in New York worked out to be \$138 per week. The actual benefits paid are based on earnings, and in New York the average was about \$183/week. Awards are reduced by any Workmen's Compensation or Social Security payments. DUA benefits are customarily paid for up to 26 weeks of disaster-related unemployment, but in New York the period was extended to 39 weeks thanks to special legislation introduced by the New York State Congressional delegation. The deadline for applying for benefits was extended several times, ultimately until June 2002. According to FEMA figures as of the week ending November 29, 2002, a total of

3,290 claims had been approved, a 49 percent approval rate, and \$13.2 million in benefits were paid.

Crisis Counseling

FEMA's largest individual assistance program following the 9/11 disasters has been its 100 percent-funded grants to New York State for the Crisis Counseling Assistance and Training Program (CCP), administered by the state's Office of Mental Health with technical support from the federal Center for Mental Health Services. Known as Project Liberty, the program offers community outreach, education, group counseling, referrals and short-term interventions for disaster-related distress, including bereavement counseling and cognitive-behavioral counseling such as teaching skills for managing anxiety and coping with stress. Project Liberty services are delivered by 68 public and private nonprofit agencies at over 100 locations, with multicultural staffs possessing fluency in more than two dozen languages.

The CCP is traditionally limited to the state where the disaster occurred, but in the case of 9/11 New York State requested, and FEMA agreed, that residents of New Jersey, Connecticut, Massachusetts, and Pennsylvania were also eligible. Project Liberty services are available to any person who lived in or visited these areas during the disaster. The program has been extensively promoted through publication of an 800 number, extensive advertising with the de-stigmatizing "Feel Free to Feel Better" slogan, and TV and radio public service announcements from celebrities such as Joe Torre and Susan Sarandon.

In August 2002 the state received FEMA approval to expand the scope and range of services beyond short-term interventions, to assist individuals "who continue to experience trauma symptoms at levels resulting in substantial function impairment." This has permitted the addition of treatment for acute post trauma stress, post traumatic stress disorder, depression, and anxiety, but there are still restrictions on provision of medication, hospitalization, and long-term therapy. The CCP program customarily operates for nine months following a grant award, which would have been the end of 2002, but in the New York area the deadline has been extended to December 31, 2003.

Longer-term mental health services, as well as financial support, and related social services for crime victims, are made possible by funding from the federal Department of Justice's Office for Victims of Crime (OVC) through 100 percent grants to state agencies. In New York, these resources were provided to the State Crime Victims Board, which contracts with public and private nonprofit agencies to furnish the services to eligible victims. Many agencies, such as Safe Horizon, one of the largest nonprofit crime victims' organizations in the nation, received funding from both the CVB and Project Liberty to deliver services. FEMA's Project Liberty grants can be used only for outreach-based, short term counseling (with the recent liberalizations noted above), but CVB funds can be used for services for up to four years and can reimburse third-party providers.

FEMA reported that, as of December 24, 2002, about \$165 million had been approved for Project Liberty in New York and the four other states---by far the largest such grant in the 27-year history of the program and almost as much as had been awarded in all previous disasters combined. However, only about \$65 million had actually been obligated, and figures are not available on numbers of people served. Foundations and other philanthropic organizations have also made major commitments to mental health services, to provide for longer-term therapy and other needs not covered by FEMA. The September 11th Fund allocated some \$45-\$55 million for mental health benefits up to \$3,000 for an estimated 15,000 people, as a supplement to existing health insurance or payment for treatment for those who do not have coverage. The New York Times Company Foundation's 9/11 Neediest Cases Fund played a leadership role in elevating awareness of mental health impacts, especially among children, and made grants of more than \$5 million in this area, chiefly to help with training and capacity-building of providers.

Recommendations for FEMA

The FEMA Inspector General, in a December 2002 report, *FEMA's Delivery of Individual Assistance Programs: New York---September 11, 2001*, concluded with issues "requiring FEMA's attention." The most significant of these, in relation to the subjects covered in this report, were that FEMA:

- examine how to address individual economic loss
- develop "fair and equitable eligibility criteria...and ... not appear arbitrary"

- reach “diverse ethnic populations in dense urban areas”
- recognize “the hardships of extremely low-income populations”
- broaden its outreach capability regarding non-English speaking victims
- pursue “legislative changes that would exempt FEMA’s [individual and household assistance] programs from the Federal public benefit classification when victims...are lawfully present....but may not have the qualified alien status required by Title IV of the [welfare reform act] of 1996.”
- simplify documentation requirements
- be “flexible in defining the time period” for assistance
- work with states to “ensure that the State contingency staffing plans can adapt to fluctuations in applicant activity”
- be “better able to anticipate the proactive role non-governmental organizations will play...and attempt to coordinate relationships with these organizations”

These recommendations seem highly appealing, but some may conflict with others. For example, application of fair and equitable procedures in a transparent fashion may not always be consistent with an attempt to be flexible.

Disaster Relief Medicaid

The City’s Medicaid agency could not follow the usual procedures for enrolling or recertifying Medicaid recipients through the State’s Medicaid computer system because of telecommunications failures following 9/11. To deal with this crisis, Governor Pataki received a special waiver from the federal Medicaid agency that permitted a greatly streamlined application process. The Disaster Relief Medicaid Program, providing emergency 4-month coverage, also put into effect the new Family Health Plus plan, a Medicaid expansion that was scheduled to be implemented in the fall of 2001 but was delayed as a result of the disaster. This new program allowed for higher income eligibility limits than before (from 87 to 133 percent of the federal poverty level for families), and dispensed with asset tests.

As reported in the November 14, 2002 *Wall Street Journal*, “fraud prevention took a back seat to getting help for needy people.” The application form was trimmed from eight pages to one; interviews took only about 15 minutes rather than the traditional two or three separate three-hour sessions; applicants could qualify by verifying only their identity rather than having

to produce reams of material; Medicaid workers made decisions on the spot at one of 22 community-based centers and coverage began immediately; and eligibility was broadened to include legal immigrants regardless of their date of entry in the U.S., as contrasted with the previous rule, enacted in the 1996 welfare reform law, that they had to have been in this country before August 22, 1996. Aggressive community outreach, media publicity, training Medicaid providers, and program assessment were made possible through grants from the Robert Wood Johnson Foundation, the United Hospital Fund of New York, and the Kaiser Family Foundation.

Results

The program succeeded in enrolling nearly 350,000 people in four months, about ten times the usual volume for the same amount of time. Preliminary research by the Kaiser Commission on Medicaid and the Uninsured, released in August 2002, found that enrollees made “heavy use” of preventive services such as check-ups and mammograms, as well surgery, dental visits, prescriptions, and eye examinations. When emergency coverage began to expire, beginning January 31, 2002, DRM enrollees needed to complete a full application, provide usual documentation, and appear for a personal interview at a regular Medicaid office. In the early stages of the transition, only about half of the DRM enrollees appeared for the recertification interview, a finding whose significance researchers are still trying to understand. Possible explanations include mistaken beliefs that the emergency coverage is still in effect, inability to read the HRA letter calling them in for an interview, undeliverable letters, or that fraud was committed in the DRM application and the beneficiaries fear discovery.

Protection of taxpayers and philanthropic donors from fraud is a dominant element in government and philanthropic programs. The concluding sentence in an article about the DRM by Kathryn Haslanger of the United Hospital Fund of New York raises the important caution, not just for disaster relief but also more generally, that “fidelity to program integrity must do a better job so that procedures to screen out the ineligible do not exclude large numbers of eligibles.”

Air Pollution

Destruction of the World Trade Center and severe damage to surrounding buildings caused release of such great quantities of debris, dust, and smoke that people in the area in the immediate aftermath of the event spoke of it as having been like night. There was concern about the extent to which exposure to these materials would cause health effects. The EPA began air sampling in Lower Manhattan and downwind locations, Brooklyn and Jersey City, with funding supplied by FEMA. EPA also oversaw removal of hazardous materials from the “Pile” at ground zero, cleaned up dust that had accumulated up to several inches thick on Downtown streets, and cleaned the exteriors of about 200 buildings. It also established a network of about 20 monitors downtown and in adjacent areas to measure airborne dust particles and other contaminants released as a result of the burning and collapse of the World Trade Center.

By late 2002, the EPA issued a report finding that air contaminants in Lower Manhattan were “less likely to cause cancer and other long-term health problems than many had feared,” as reported in a December 24 article in the *New York Times*. The study found that most people living or working in the area around ground zero are “unlikely to suffer serious short- or long-term health effects...[but] anyone exposed in the early hours was at risk of chronic sickness, as many firefighters have already reported.”

Despite these generally sanguine findings, many are still concerned about potential dangers. In response to intense pressure from residents and elected officials, the EPA announced in May 2002 that it would, for the first time ever, carry out an indoor clean-up, testing, and environmental remediation for any resident south of Canal Street who requests it. Through private contractors hired by the City’s Department of Environmental Protection, the cleaning includes all hard surfaces, rugs, carpets, curtains, drapes, upholstered furnishings, air conditioner units, exterior balconies and terraces, exterior window ledges and window guards. Contractors seek building owners’ permission to clean common areas, vacant apartments, and central HVAC systems. Following the cleaning, DEP/EPA contractors test for asbestos in all residences, and for dioxins and 23 elements in a sample of about 250 homes, and follow up when unacceptable levels are found. Residents are promised that they will receive test results within 4-6 weeks.

Commercial properties are not included in the EPA program, which refers business owners to the SBA for loans for these purposes.

Using City-furnished census data, EPA estimates there are 20,000-30,000 eligible residences. As of January 21, 2003, Mary Mears of the EPA estimates that about 6,700 units have been cleaned, but was unable to furnish any information about costs.

Health Monitoring

The EPA may feel that there is little remaining danger, but community and occupational health professionals following rescue workers exposed to contamination after 9/11 are not so sure. In late January 2003, Dr. Stephen M. Levin of Mount Sinai Medical Center announced initial results from his team's clinical work-ups of some 3,500 ground zero workers, made possible with \$12 million in federal funding through one of the emergency supplemental appropriations bills enacted in 2002 to help fulfill President Bush's \$20 billion pledge. As reported in the January 31 *New York Times*, Dr. Levin found that, of a sample of 250 examinations, three-fourths still had respiratory problems ten months after the attack, half had lung-related complaints, and half were experiencing psychological trauma warranting further review. Mt. Sinai's program can screen a total of approximately 9,000 workers before the funding runs out, and it is estimated that as many as 35,000 workers and volunteers spent time at or adjacent to ground zero in the days following September 11. Senator Clinton is pushing strongly for additional federal appropriations, up to a total of \$90 million, to support continuation of Dr. Levin's work. These funds may not be forthcoming, because of federal reticence about providing long-term support after the disaster declaration period has come to an end. Philanthropic contributions to health monitoring were made by the September 11th Fund.

Other studies are turning up similarly troubling findings. A Centers for Disease Control telephone survey of a sample of Manhattan residents 5-9 weeks following September 11, found that among the 13 percent of adults with asthma, 27 percent reported more severe asthma symptoms after the attack. In an October 17, 2002 Forum on World Trade Center health effects, the director of the NYU-National Institute of Environmental Health Sciences Center reported

that “premature declarations of ‘safety’ were in contrast to the ‘World Trade Center Cough’ experience of many people in Lower Manhattan, and that “this increased both distrust of government and the public’s concerns about health risks.”

World Trade Center Registry

The New York City Department of Health and Mental Hygiene is creating a registry for long-term tracking and monitoring of the health status of the estimated 100,000-200,000 people who lived or worked near the World Trade Center site between September 11, 2001 and June 30, 2002. The registry, similar to one that was compiled following the 1995 Oklahoma City bombing, uses periodic surveys to measure short and long term health and mental health effects of exposures to the attacks and ensuing smoke, dust and airborne substances. The registry seeks to identify patterns of illness and pinpoint their origins, evaluate possible risks, and provide prevention and public health policy information to all New Yorkers and others who were affected. Dr. Pauline Thomas, assistant commissioner of the bureau of surveillance of the City Health Department, believes that the comprehensive registry is an essential means of establishing whether clinical reports of high incidences of certain conditions among small samples are reflective of “background” health conditions of a large population. Such a study is necessary as a means of resolving “lingering anxiety” among the public.

The registry is expected to begin in the spring of 2003, and ideally would continue until 2021 if sufficient funding is made available. The initial \$20 million has been provided by FEMA to the U.S. Department of Health and Human Services, whose Agency for Toxic Substances and Disease Registry, an environmental public health group, is working with the City Health Department on the registry. Officials emphasize that the registry will not include medical diagnoses or clinical examinations, but people who say in the interviews that they are still sick will be provided with referrals, including referrals to Project Liberty for respondents experiencing emotional or other mental health problems.

Employment Services

Federal aid to help individuals cope with disasters focuses on short-term relief. Disaster Unemployment Assistance is no exception, since it provides minimal benefits for a short period of time until people can find new jobs. Adjustments to permanent changes in the labor market are not addressed as part of disaster response. Accordingly, employment services to help people improve their skills or find new jobs is an overlooked subject in the standard federal disaster response programs.

The Consortium for Worker Education, a nonprofit organization sponsored by the New York City Central Labor Council and its 46 affiliated unions, gained a special \$32.5 million appropriation in one of the emergency supplemental appropriations bills introduced to fulfill the President's \$20 billion commitment. With this funding, the CWE created an Emergency Employment Clearinghouse to assist some of the "80,000 workers...displaced by the World Trade Center attacks either directly or indirectly" through such services as job placement assistance, career advancement counseling and referrals, and education and training to teach new skills. The Center is also supported by philanthropic organizations including the September 11th Fund, the Rockefeller Foundation, and the McCormick Tribune Foundation, whose grant was designated to help undocumented workers gain new or improved skills. The September 11th Fund has also allocated more than \$50 million for other employment training programs, including payment of stipends for trainees.

The CWE has entered into agreements with some 160 firms that commit to a program of job retention, rehiring, and new hires. For some of these firms, CWE subsidizes approximately one-half the wages, for periods up to 90 days, for jobs that pay no more than \$25/hour, with a maximum subsidy of \$100,000 per company. Participating employers must demonstrate negative impacts from 9/11, but the standards are less exacting than those of FEMA or other government agencies.

CONCLUSIONS AND RECOMMENDATIONS

There was no road map for relief and recovery in this kind of disaster. Many government agencies at all levels and philanthropic organizations demonstrated exceptional flexibility, agility, and speed in assisting individuals, families, small businesses, and nonprofit organizations. Funds provided by the federal government and philanthropy far exceeded the amounts for any previous catastrophe, and the allocations for some government aid programs were larger than the totals distributed for all previous disasters combined. Foundations and relief organizations moved quickly to meet needs before government programs could be activated, and addressed economic and social impacts that were not covered by government.

The improvised responses that helped thousands of people exposed significant flaws in our public-private approach to disaster relief. Public and voluntary agencies moved quickly to establish one-stop disaster assistance centers with outstationed personnel from key agencies. However, they were slow to develop common intake forms and procedures, and coordinated case management, so as to save time and maximize assistance for grief-stricken and traumatized individuals. At least one agency utilized an antiquated paper application system. In anticipation of future similar attacks, major urban areas might do well to develop a contingency plan and locations for one-stop service centers, including a list of agencies and services, a protocol for uniform intake, a system for digitizing and sharing information, and provisions for coordinated case management such as that which has been developed by the 9/11 United Services Group in New York City.

The lead federal disaster agency, FEMA, is much better equipped to deal with the aftermath of natural disasters, such as floods in rural areas, than it is to work in complex urban settings. It is more effective in providing aid to state and local government than to individuals and families. FEMA's individual and family assistance programs failed to help many people who needed them, or provided help only after extensive delays and, finally, Congressional action. FEMA guidelines contemplate replacement of physical loss, not compensation for economic setbacks like those experienced by thousands of jobless New Yorkers. FEMA's requirement that individuals demonstrate that their job was eliminated as a "direct" result of the attacks failed to

recognize widespread economic impacts throughout the region, and caused thousands of needy people to go without financial assistance for their mortgage and rental payments. FEMA's Inspector General's report of December 2002 contains numerous recommendations for remedying many of these shortcomings, including the need to address economic losses, development of "fair and equitable eligibility criteria," and the importance of reaching "diverse ethnic populations in dense urban areas."

Some recovery needs are not addressed in the authorizing statutes for federal disaster relief programs, and special Congressional action and philanthropic organizations filled the gaps. Chief among these were employment training and readjustment, financial assistance for very small businesses with inadequate collateral for SBA loans, indoor cleaning and environmental remediation, and health monitoring and treatment. The ad hoc approach has provided needed relief to many people and businesses, but in the process engendered confusion about eligibility criteria and procedures and diminished the credibility of government. It was unclear in these and other areas where the responsibility of government ended and that of philanthropy began, or where individuals and organizations or their insurance policies were responsible for their own recovery. The federal government needs to decide whether to create new programs with defined criteria to meet these needs in future disasters.

Perhaps the most important philosophical and public policy issue arising from the response to 9/11 has to do with the concept of compensation of surviving families for the death of a loved one. By far the largest share of government and philanthropic aid distributed for humanitarian purposes---about \$5.8 billion of a total \$8.6 billion--- was for this use. An unprecedented federal Victim Compensation Fund was established for 9/11 survivors, but families of victims of other terrorist disasters, such as the 1995 Oklahoma City bombing, are not included. Philanthropic organizations distributed an estimated \$800 million to the approximately 3,200 families of people who died or were seriously injured in the attacks in New York City, Washington, D.C. and Shanksville, Pennsylvania. Much of this occurred because of intense media pressure insisting that this was the intention of donors to various relief funds. To facilitate the distributions, Congress did away with the longstanding criterion of financial need for receipt of charitable donations. This has created an impression that one of the purposes of philanthropy

is to compensate for lost life. Congress and the philanthropic sector need to decide if this concept will be a precedent for philanthropic responses to future disasters.

The issues summarized above have received scant systematic attention from policy makers. This is unfortunate, because they bear on our preparedness for future similar events and affect public confidence in government and philanthropy. They raise important questions about the extent of federal responsibility to restore communities, individuals, and families to their pre-disaster state, the role of philanthropy vis-à-vis government at all levels, coordination of effort, the purposes and criteria for financial aid for individuals and businesses, and the operations of important government and charitable institutions.

To address these and related policy issues, Congress should consider creating and funding a Disaster Relief and Recovery Commission with leadership representation from philanthropy, business, the media, and federal, state and local government. The Commission's charge would be to clarify the disaster-related relief and recovery responsibilities of government, philanthropy, insurance, and individuals; review and refine the purposes and procedures of existing federal programs, and suggest new elements and changes in existing elements to improve efficiency and responsiveness; and establish principles about financial awards for individuals and businesses, including taxation of recovery grants to businesses. Special attention should be given to eligibility of immigrants for government disaster relief assistance.

The Commission could draw upon the substantial body of relevant investigation and research done in the aftermath of the September 11th emergency, examining problems identified, good practices described and recommendations made in the GAO reports on charitable performance and small business assistance programs; the FEMA Inspector General's report; the two Ford Foundation/Thomas Edison State College reports; Foundation Center reports; the Stanford Graduate School of Business case study of the September 11th Fund; the United Way of New York City's report on the September 11th Fund; the LBG Associates report on corporate responses to disaster relief; and the Century Foundation report on media coverage of the philanthropic response. The Commission would also assume responsibility for implementing the recommendation in the GAO report that FEMA convene a working group of government and philanthropic leaders to develop better means of disaster relief coordination of effort.

Philanthropic organizations should be a key participant in the Commission membership and deliberations. In addition, the philanthropic sector needs to consider questions that arose about the intentions of donors to 9/11 relief funds. Charities soliciting from the general public need to meet two conflicting challenges. Their appeals should be specific enough to tell the potential donor how the funds will be used, but broad enough to permit flexibility to respond to needs as they become known. Charitable funds that plan to assist activities not contemplated in the solicitation should review the experience of the September 11th Fund, which conducted public opinion surveys, including respondents who did and did not give to a 9/11-related cause, both in New York City and elsewhere.

Alphabetical List of Persons Interviewed

Note: This report also drew on interviews conducted for the August 2002 Report, which are listed at the end of that document.

James Boden, Chief, Financial Institutions Branch
U.S. Office of Management and Budget

Eric Burd, Manager, Lower Manhattan Small Business and Workforce Retention Program
Seedco

Michael F. Byrne, Senior Director, Response and Recovery
U.S. Office of Homeland Security

Jane Corbett, Executive Deputy Commissioner
New York City Human Resources Administration

Ken Curtin, Voluntary Agency Liaison
FEMA

Michael Deich, former OMB official
Van Scoyoc Associates

Anne Grunewald, Director, Human Services
New York City Office of Emergency Management

Jay McCarthy, former staff member to Senator Chuck Schumer
U.S. Senate Health, Education, Labor and Pensions Committee

Mary Mears, Chief, Public Outreach Branch
U.S. Environmental Protection Agency

Walter Harris, Unemployment Insurance Specialist
U.S. Department of Labor

Bruce G. Herman, Director, Center for Workforce and Economic Development
Consortium for Worker Education

Anil Kakani, Staff Member
U.S. Senator Hillary Rodham Clinton

Carol Kellerman, Chief Executive Officer
September 11th Fund

Michael Jahnke, Disaster Loan Officer
U.S. Small Business Administration

Michael B. Rothman, Senior Program Officer
The Robert Wood Johnson Foundation

Pauline Thomas, M.D., Assistant Commissioner, Bureau of Surveillance
New York City Department of Health and Mental Hygiene

Andrew Waldron, Loan Manager
Fund for the City of New York

James Lee Witt, former FEMA director
James Lee Witt Associates, LLC

Robert Wood, Assistant Vice President
Empire State Development Corporation

Larry Zensinger, Director, Recovery Division
FEMA

Agencies and Acronyms

CCP (FEMA's Crisis Counseling Assistance and Training Program)
CDBG (Federal Community Development Block Grant Program)
CDFI (Community Development Financial Institution)
CVB (New York State Crime Victims Board)
CWE (Consortium for Worker Education)
DASC (New York City Disaster Assistance Service Center)
DEP (New York City Department of Environmental Protection)
DRM (New York City's Disaster Relief Medicaid Program)
DUA (Federal Disaster Unemployment Assistance)
EPA (U.S. Environmental Protection Agency)
FAC (New York City Family Assistance Center)
FEMA (Federal Emergency Management Agency)
GAO (U.S. General Accounting Office)
HRA (New York City Human Resources Administration)
HUD (U.S. Department of Housing and Urban Development)
IFG (FEMA's Individual and Family Grant Program)
IRS (U.S. Internal Revenue Service)
LMDC (Lower Manhattan Development Corporation)
MRA (FEMA's Mortgage and Rental Assistance Program)
SBA (U.S. Small Business Administration)
VA (U.S. Department of Veterans Affairs)